

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:67  
ANSWERED ON:24.07.2015  
Restructuring of Loans  
Mahtab Shri Bhartruhari

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government proposes restructuring of loans of corporate and farmers to deal with genuine and wilful defaulters;
- (b) if so, the details thereof along with the number of farmers, corporate houses benefited from the said move, State and bank-wise;
- (c) whether the Government has assessed the impact of such restructuring of loans on the Non-Performing assets (NPAs) of the banks;
- (d) if so, the details thereof along with the likely benefits of such restructuring to the banks;
- (e) whether any instance of corruption/irregularities in restructuring of loans have been reported; and
- (f) if so, the details thereof, bank and State-wise along with the corrective action taken/being taken by the Government in this regard?

**Answer**

FINANCE MINISTER  
(SHRI ARUN JAITLEY)

(a) to (f): A Statement is laid on the Table of the House.

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STATEMENT AS REFERRED TO IN REPLY TO PARAs (A) TO (F) OF LOK SABHA STARRED QUESTION NO. \*67 FOR ANSWER ON 24TH JULY, 2015 / SHRAVANA 2, 1937 (SAKA) REGARDING RESTRUCTURING OF LOANS BY SHRI BHARTRUHARI MAHTAB.

(a) : Reserve Bank of India (RBI) has been issuing prudential norms on restructuring of advances since long, and, these are reviewed periodically taking into account the changed economic conditions and feedback of all stakeholders. All effective prudential norms on restructuring of advances are consolidated in the Master Circular issued by them every year in the month of July. The banks can refer these norms and restructure genuine cases as and when required.

Restructuring of accounts of a Wilful Defaulter is generally not permitted under the above-mentioned prudential guidelines. The restructuring in such cases is considered after reviewing the reasons for classification of the borrower as willful defaulter and after satisfying that the borrower is in a position to rectify the willful default.

The restructuring of such cases may be done with Board's approval, while for such accounts the restructuring under the Corporate Debt Restructuring (CDR) Mechanism may be carried out with the approval of the Core Group only.

(b): Data reporting system of RBI does not collate information on State - wise and number wise restructuring of loans of farmers and corporate houses. However, the data as collated by RBI for restructuring of standard advances, bank-wise is at Annex, which includes farmers and corporate houses.

(c) and (d): A provision of 5% of the outstanding was provided for the restructured assets till 31st March, 2015. All standard assets shall be classified as sub-standard upon restructuring with effect from 1st April 2015 and will attract provision of 15%. This will enable the banks to sustain future shocks on account of standard restructured assets slipping into sub-standard category.

(e) & (f): All instance of corruption/irregularities in restructuring of loans are dealt by Chief Vigilance Officer (CVO) of the respective banks. However, in the period from April, 2011-December, 2014 as per the information provided by Twenty Five (25) major Public Sector Banks, after conducting enquiries into the staff lapses in NPA cases, 677 employees were dismissed and major and minor penalties were imposed on 6711 and 7498 employees respectively.